

SENATOR COPE: Senator Dworak, what security do we have now when purchases of financial paper are made in New York or Boston or any of the various places that the investment council make investments at the present time?

SENATOR DWORAK: Senator Cope, I guess the only security we have now is the size of those financial institutions and if you would put in an amendment putting some kind of security requirement on there, I think I would support it. I think it would be prudent and in order. Maybe that is a problem but I don't think we ought to continue. If that is wrong, we shouldn't perpetuate that same wrong with this bill so this amendment is a step in the right direction and I would be willing to take two steps and if you want to indicate some kind of security guarantee to an amendment to other investing, I would support it. I think you are right on the track, on the right track, Senator Cope, and I think it is good that you have pointed out that this particular deficiency. I congratulate you.

SENATOR COPE: Senator Dworak, I'm reasonably sure that the interest rates would be a good deal higher from your New York investment houses if they had to put up a collateral security on each of the purchases that they make because that takes a lot of their money out of circulation. I can see no reason why we don't trust our own people in Nebraska as much as we trust New Yorkers that we know nothing about and as far as some of the big names, the big institutions, if you will remember a few years back, a lot of those folded and folded pretty badly so I can just see no argument at all for this. Actually we're protected up to the \$150,000, I believe it is, from your F.D.I.C. and the savings and loan which we don't have as protection from any other source and as far as the service, it is that we are paying for that service, the same amount that the State of Nebraska can get at any New York institution. So we're paying or the banks are paying and we are as people who use that money, are paying for that service so I can't see that we're getting anything free.

PRESIDENT: Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I rise in opposition to Senator Dworak's amendment. I think Senator Cope has put his finger on it. It's very evident that the banks and the financial institutions, the savings and loans, which will be receiving these deposits, will be protected on the first \$100,000 at least and in some instances, of \$140,000, but I believe that the procedure we have followed where the money will be dispersed throughout the state, with a maximum of \$500,000 in any one institution, is going to give us the kind of protection that we need. I think that if we want to be so selective that we begin to require more security, more pledging from our financial institutions than we do from those out of the state, then we don't really make sense. I would hope that we would defeat the Dworak amendment. I would hope that we would recognize, as Senator Cope has said, the investments out of state that have been made are in no way secure. We have had some failures, a number of failures, of business failures. There will be more. We have had very few bank failures in Nebraska in the past twenty years and I would suggest that our management of these Nebraska financial institutions is better, much better than the management in some of the other investments that might be the repository of some of these funds. So I would hope that we would not handicap this bill. The bill is designed to provide the dispersal of funds